

Message Text

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PAGE 01 STATE 049475

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ORIGIN SS-25

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FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE IMMEDIATE

C O N F I D E N T I A L STATE 049475

EXDIS

E.O. 11652: GDS

TAGS: PFOR, CZ

SUBJECT: SCOTT DISCUSSIONS WITH SENATORS LONG AND GRAVEL

1. THE US CHAMBER OF COMMERCE HAS ADVISED US IN
CONFIDENCE OF THE SUBSTANCE OF A MEETING DAVID SCOTT HAD
WITH SENATORS LONG AND GRAVEL ON FEBRUARY 24. ALTHOUGH
WE ATTEMPTED TO TELEPHONE SCOTT ON FEBRUARY 27 TO OBTAIN
HIS VERSION OF THE MEETING, HE HAD ALREADY DEPARTED
FOR HIS TRIP.

2. ACCORDING TO THE CHAMBER, LONG AND GRAVEL BOTH INDICATED
A WILLINGNESS TO SEE THE CLAIMS/GOLD BUSINESS SETTLED.
THE SENATORS WERE SPEAKING UNDER THE ASSUMPTION THAT IF
THE CZECHS AGREED TO SETTLE FOR AN "EQUITABLE" AMOUNT,
THEY WOULD GET MFN AND EXIM BANK FINANCING. GRAVEL APPAR-
ENTLY INDICATED TO SCOTT, IN LONG'S PRESENCE, THAT
"EQUITABLE" MIGHT MEAN AS LOW AS 50 CENTS ON THE DOLLAR.
LONG SAID THAT RESOLVING THE PROBLEM WOULD BE TOUGH BUT
HINTED THAT SOME KIND OF "DEAL" MIGHT BE WORKED OUT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 049475

NEITHER SENATOR MENTIONED THE LAWSUIT. LONG AND GRAVEL

WERE ENTHUSIASTIC ABOUT SCOTT REVIEWING CLAIMS/GOLD WITH THE CZECHS IN PRAGUE, AND GRAVEL SAID HE MIGHT GO TO PRAGUE HIMSELF SOON TO DISCUSS THE SITUATION WITH THE CZECHS.

3. CHARGE IS REQUESTED TO MAKE THE FOLLOWING POINTS TO SCOTT WHEN HE ARRIVES, THE SOONER THE BETTER. CHARGE SHOULD MAKE MOST OF THESE POINTS IN RESPONSE TO INFORMATION VOLUNTEERED BY SCOTT ON HIS MEETING WITH THE SENATORS. THE CHAMBER HAS ASKED THAT WE NOT REPEAT NOT LET ON THAT WE HAVE BEEN EXTENSIVELY BRIEFED:

----- ASSISTANT SECRETARY HARTMAN PHONED SCOTT
----- FEBRUARY 27 JUST AFTER SCOTT HAD DEPARTED.
----- HARTMAN REGRETS VERY MUCH NOT HAVING HAD A
----- CHANCE TO TALK WITH SCOTT, AND HOPES TO SEE
----- HIM UPON HIS RETURN TO THE US;

----- -- WE BELIEVE IT WOULD BE USEFUL FOR SCOTT TO
----- CONVEY TO THE CZECHS THE SENATORS' INTEREST
----- IN RESOLVING THE CLAIMS/GOLD IMPASSE. WE WOULD
----- ADVISE, HOWEVER, THAT MR. SCOTT AVOID BEING
----- TOO UP-BEAT IN HIS DISCUSSIONS -- WE CANNOT BE
----- OPTIMISTIC THAT THIS COMPLICATED BUSINESS
----- CAN BE SETTLED EASILY AND IN A SHORT AMOUNT OF
----- TIME. AS MR. SCOTT KNOWS, THERE IS STILL THE
----- PROBLEM OF THE LINK BETWEEN MFN AND EMIGRATION;

----- -- WHILE MR. SCOTT SHOULD BE HONEST WITH THE
----- CZECHS AND TELL THEM THAT THE TERMS OF THE
----- PREVIOUS SETTLEMENT WILL HAVE TO BE CHANGED
----- SOMEWHAT, WE DO NOT THINK THAT IT WOULD BE USEFUL
----- FOR SCOTT TO INDICATE TO THE CZECHS WHAT
----- PARTICULAR TERMS LONG AND GRAVEL MAY HAVE IN
----- MIND;

----- -- ANY MENTION OF A POSSIBLE GRAVEL TRIP TO
----- PRAGUE WOULD MOST USEFULLY COME AS AN
----- EXPRESSION OF SCOTT'S VIEW. EAST EUROPEANS
----- TEND TO REGARD EXPRESSIONS OF INTEREST
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PAGE 03 STATE 049475

----- BY CONGRESSMEN AND SENATORS IN VISITS AS
----- SEMI-COMMITMENT AND TEND TO VIEW ANY
----- SUBSEQUENT CHANGE OF PLANS AS AN AFFRONT. INGERSOLL

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